

TOWN OF CAMPTI, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 2013

Town of Campti, Louisiana
Financial Report
June 30, 2013

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Financial Report
June 30, 2013

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Town of Campti, Louisiana

**P. O. Box 216
Campti, LA 71411**

MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year ended June 30, 2013

The Management's Discussion and Analysis of the Town of Campti's financial performance presents a narrative overview and analysis of the Town's financial activities for the year ended June 30, 2013. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Town of Campti's financial statements, which begin on page 10.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Town uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views. The Town maintains two funds; a governmental fund (the general fund), and a proprietary fund (the utility fund).

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	June 2013			June 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS:						
Current Assets	\$ 80,631	\$ 195,974	\$ 276,605	\$ 76,105	\$ 207,107	\$ 283,212
Capital Assets, Net of Accumulated Depreciation	88,458	1,618,450	1,706,908	98,231	1,701,075	1,799,306
Total Assets	<u>\$169,089</u>	<u>\$1,814,424</u>	<u>\$1,983,513</u>	<u>\$174,336</u>	<u>\$1,908,182</u>	<u>\$2,082,518</u>
LIABILITIES:						
Accounts Payable	\$ 36,727	\$ 38,891	\$ 75,618	\$ 19,935	\$ 38,448	\$ 58,383
Customer Deposits	0	50,252	50,252	0	50,352	50,352
Long Term Debt	0	363,411	363,411	0	371,153	371,153
Total Liabilities	<u>\$ 36,727</u>	<u>\$ 452,554</u>	<u>\$ 489,281</u>	<u>\$ 19,935</u>	<u>\$ 459,953</u>	<u>\$ 479,888</u>
NET ASSETS:						
Net Investment in Capital Assets	\$ 88,458	\$1,255,039	\$1,343,497	\$ 98,231	\$1,329,922	\$1,428,153
Restricted for Debt Service	0	106,831	106,831	0	118,307	118,307
Unrestricted	43,904	0	43,904	56,170	0	56,170
NET POSITION	<u>\$132,362</u>	<u>\$1,361,870</u>	<u>\$1,494,232</u>	<u>\$154,401</u>	<u>\$1,448,229</u>	<u>\$1,602,630</u>

Summary of Statement of Activities

	June 2013			June 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Program Revenues-						
Intergovernmental-						
Beer Tax	\$ 1,862	\$ 0	\$ 1,862	\$ 3,298	\$ 0	\$ 3,298
Grants	0	6,194	6,194	0	11,600	11,600
Charges for Services	28,289	256,900	285,189	19,151	226,507	245,658
General Revenues-						
Taxes	97,639	84,181	181,820	78,882	69,396	148,278
Licenses & Permits	82,955	0	82,955	93,585	0	93,585
Interest & Miscellaneous	8,527	360	8,887	22,114	24,765	46,879
Transfers In	32,500	0	32,500	37,500	0	37,500
Total Revenues	\$251,772	\$347,635	\$ 599,407	\$254,530	\$ 332,268	\$ 586,798
EXPENSES:						
General Government	\$243,568	\$ 0	\$ 243,568	\$212,082	\$ 0	\$ 212,082
Public Safety	30,243	0	30,243	35,209	0	35,209
Operating Expense	0	401,494	401,494	0	453,241	453,241
Transfers Out	0	32,500	32,500	15,520	21,980	37,500
Total Expenses	\$273,811	\$433,994	\$ 707,805	\$262,811	\$ 475,221	\$ 738,032
Change in Net Position	\$ (22,039)	\$ (86,359)	\$ (108,398)	\$ (8,281)	\$ (142,953)	\$ (151,234)

Governmental Activities

- The Town's assets exceeded its liabilities by \$132,362 for the year ending June 30, 2013. This is a decrease of \$22,039 from the prior year.

Business Type Activities

- The Proprietary Fund, the water system, had a decrease in net position of \$86,359 for the year ending June 30, 2013. This compares to a decrease of \$142,953 for the prior year.

General Fund Budgetary Highlights

Actual revenues for the year were \$11,972 more than the budget and actual expenditures were \$54,738 more than the budget for the year.

Economic Factors and Next Year's Budget

The budget for 2013/2014 General Fund should not change significantly from the 2012/2013 budget.

Contacting the Town

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Town at P. O. Box 216, Campti, LA 71411.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

The Honorable Oneary Bobb, Mayor
and the Town Council
P. O. Box 216
Campti, Louisiana, 71411

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major fund of the Town of Campti as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major fund of the Town as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison listed as required supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

November 21, 2013

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Town of Campti, Louisiana
Government-Wide Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash & Cash Equivalents	\$ 50,419	\$ 97,592	\$ 148,011
Revenue Receivable	13,991	36,988	50,979
Due from Utility Fund	16,221	0	16,221
Restricted Assets-			
Cash & Cash Equivalents	0	61,394	61,394
Capital Assets, Net of			
Accumulated Depreciation	<u>88,458</u>	<u>1,618,450</u>	<u>1,706,908</u>
Total Assets	<u>\$169,089</u>	<u>\$1,814,424</u>	<u>\$1,983,513</u>
LIABILITIES:			
Accounts Payable	\$ 31,421	\$ 19,097	\$ 50,518
Accrued Expenses	5,306	3,573	8,879
Due to General Fund	0	16,221	16,221
Customer Deposits	0	50,252	50,252
Long-Term Debt-			
Current Portion	0	8,128	8,128
Long-Term Portion	<u>0</u>	<u>355,283</u>	<u>355,283</u>
Total Liabilities	<u>\$ 36,727</u>	<u>\$ 452,554</u>	<u>\$ 489,281</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 88,458	\$1,255,039	\$1,343,497
Restricted for Debt Service	0	106,831	106,831
Unrestricted	<u>43,904</u>	<u>0</u>	<u>43,904</u>
Total Net Position	<u>\$132,362</u>	<u>\$1,361,870</u>	<u>\$1,494,232</u>

See notes to financial statements.

Town of Campti, Louisiana
Government-Wide Statement of Activities
June 30, 2013

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	\$243,568	\$ 13,813	\$1,862	\$(227,893)	\$ 0	\$ (227,893)
Public Safety	<u>30,243</u>	<u>14,476</u>	<u>0</u>	<u>(15,767)</u>	<u>0</u>	<u>(15,767)</u>
Total Governmental Activities	\$273,811	\$ 28,289	\$1,862	\$(243,660)	\$ 0	\$ (243,660)
Business-Type Activities:						
Water/Sewer	<u>401,494</u>	<u>256,900</u>	<u>6,194</u>	<u>0</u>	<u>(138,400)</u>	<u>(138,400)</u>
Total Government	<u>\$675,305</u>	<u>\$285,189</u>	<u>\$8,056</u>	<u>\$(243,660)</u>	<u>\$ (138,400)</u>	<u>\$ (382,060)</u>
General Revenues:						
Taxes-						
Ad Valorem				\$ 13,458	\$ 0	\$ 13,458
Sales Tax				84,181	84,181	168,362
Licenses & Permits				82,955	0	82,955
Interest & Miscellaneous				8,527	360	8,887
Transfers				<u>32,500</u>	<u>(32,500)</u>	<u>0</u>
Total General Revenues and Transfers				\$ 221,621	\$ 52,041	\$ 273,662
Change in Net Position				\$ (22,039)	\$ (86,359)	\$ (108,398)
Net Position-Beginning of Year				<u>154,401</u>	<u>1,448,229</u>	<u>1,602,630</u>
Net Position-End of Year				<u>\$ 132,362</u>	<u>\$1,361,870</u>	<u>\$1,494,232</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

Town of Campti, Louisiana
Balance Sheet-Governmental Fund
General Fund
June 30, 2013

ASSETS:

Cash & Cash Equivalents	\$50,419
Revenue Receivable	13,991
Due from Utility Fund	<u>16,221</u>
Total Assets	<u>\$80,631</u>

LIABILITIES:

Accounts Payable	\$31,421
Accrued Expenses	<u>5,306</u>
Total Liabilities	<u>\$36,727</u>

FUND BALANCE:

Unassigned	<u>\$43,904</u>
Total Liabilities and Fund Balance	<u>\$80,631</u>

See notes to financial statements.

Town of Campti, Louisiana
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2013

Total Fund Balance of the Governmental Fund	\$ 43,904
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Amounts reported for Governmental Activities
in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not
current financial resources and, therefore, are not reported
in the Governmental Funds Balance Sheet-

Capital Assets	209,559
Less, Accumulated Depreciation	(121,101)

Net Position of Governmental Activities	\$ <u>132,362</u>
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Town of Campti, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2013

REVENUES:

Taxes-	
Ad Valorem	\$ 13,458
Sales Tax	84,181
Licenses & Permits	82,955
Intergovernmental-	
Beer Tax	1,862
Charges for Services-	
Fines & Forfeits	26,079
Rent	2,210
Interest & Miscellaneous	<u>8,527</u>
Total Revenues	<u>\$219,272</u>

EXPENDITURES:

General Government	\$234,026
Public Safety	<u>30,012</u>
Total Expenditures	<u>\$264,038</u>

(Deficiency) of Revenues over Expenditures	\$ (44,766)
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OTHER FINANCING SOURCES:

Transfer In	<u>32,500</u>
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(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (12,266)
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Fund Balance-Beginning of Year	<u>56,170</u>
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Fund Balance-End of Year	<u>\$ 43,904</u>
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Town of Campti, Louisiana
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
for the Year Ended June 30, 2013

Net Change in Fund Balance-Governmental Funds	\$(12,266)
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Amounts reported for Governmental Activities
in the Statement of Activities are different because:

Depreciation expense on Capital Assets is reported in
the Government-wide Financial Statements, but does
not require the use of current financial resources and
is not reported in the Fund Financial Statements.

Current year depreciation expense is	<u>(9,773)</u>
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Change in Net Position of Governmental Activities	<u>\$(22,039)</u>
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See notes to financial statements.

Town of Campti, Louisiana
Statement of Net Position
Proprietary Fund-Water & Sewer Fund
Year Ended June 30, 2013

ASSETS:

Current Assets-

Cash & Cash Equivalents	\$ 97,592
Revenue Receivable	<u>36,988</u>
Total Current Assets	\$ 134,580

Restricted Assets-

Cash & Cash Equivalents	61,394
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Capital Assets, Net of

Accumulated Depreciation	<u>1,618,450</u>
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Total Assets	<u>\$1,814,424</u>
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LIABILITIES:

Current Liabilities-

Accounts Payable	\$ 19,097
Accrued Expenses	3,573
Due to General Fund	<u>16,221</u>
Total Current Liabilities	\$ <u>38,891</u>

Current Liabilities Payable from Restricted Assets-

Customer Deposits	\$ 50,252
Current Maturity of Long-Term Debt	<u>8,128</u>
Total Current Liabilities Payable from Restricted Assets	\$ <u>58,380</u>

Non-Current Liabilities-

Long-Term Debt	\$ <u>355,283</u>
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Total Liabilities	\$ <u>452,554</u>
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NET POSITION:

Net Investment in Capital Assets	\$1,255,039
Restricted for Debt Service	<u>106,831</u>

Total Net Position	<u>\$1,361,870</u>
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See notes to financial statements.

Town of Campti, Louisiana
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund-Water & Sewer Fund
Year Ended June 30, 2013

OPERATING REVENUES:

Charges for Services-	
Water/Sewer	\$ 245,654
Connection Fees	6,375
Meter Deposits	4,450
Miscellaneous	421
Total Operating Revenues	<u>\$ 256,900</u>

OPERATING EXPENSES:

Depreciation	\$ 82,625
Insurance	21,597
Operations, Maintenance & Repairs	157,425
Office Supplies, Postage & Printing	8,860
Salaries & Related Benefits	71,049
Utilities & Phone	35,789
Total Operating Expenses	<u>\$ 377,345</u>

Loss from Operations	<u>\$ (120,445)</u>
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NON-OPERATING REVENUES (EXPENSES):

LGAP Grant	\$ 6,194
Sales Tax 1%	84,181
Interest Income	360
LGAP Expenses	(6,194)
Interest Expense	(17,955)
Total Non-operating Revenues (Expenses)	<u>\$ 66,586</u>

Net Loss Before Transfers	\$ (53,859)
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TRANSFERS:

Transfers Out	<u>(32,500)</u>
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Change in Net Position	\$ (86,359)
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Net Position -Beginning of Year	<u>1,448,229</u>
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Net Position -End of Year	<u>\$1,361,870</u>
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See notes to financial statements.

Town of Campti, Louisiana
Statement of Cash Flows
Proprietary Fund-Utility Fund
Year Ended June 30, 2013

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 244,101
Cash Received from Customer Deposits	4,350
Cash Received from Other Operating Activities	421
Cash Payments to Suppliers	(225,515)
Cash Payments to Employees	<u>(68,760)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(45,403)</u>
Cash Flows from Non-Capital & Related Financing Activities:	
LGAP Grant	\$ 6,194
Sales Tax Revenue	84,181
LGAP Expenses	<u>(6,194)</u>
Net Cash Provided by Non-Capital & Related Financing Activities	\$ <u>84,181</u>
Cash Flows from Capital & Related Financing Activities:	
Principal Payments	\$ (7,742)
Interest Paid on Notes	(17,955)
Transfer from Other Funds	0
Transfer to Other Funds	<u>(32,500)</u>
Net Cash (Used) by Capital & Related Financing Activities	\$ <u>(58,197)</u>
Cash Flows from Investing Activities:	
Interest Received	\$ <u>360</u>
Net Decrease in Cash	\$ (19,059)
Cash-Beginning of Year	<u>178,045</u>
Cash-End of Year	\$ <u>158,986</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$(120,445)
Depreciation	82,625
(Increase) Decrease to Accounts Receivable	(7,927)
Increase (Decrease) to Accounts Payable	(1,845)
Increase (Decrease) to Accrued Liabilities	2,289
Increase (Decrease) in Customers' Deposits	<u>(100)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(45,403)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

Introduction:

The Town of Campti operates under an elected Mayor/Council (5 members) administrative/legislative form of government. This report includes all funds which are controlled by or dependent on the Town of Campti, Louisiana's executive and legislative branches (the Mayor and Council Members). Control by or dependence on the Town of Campti, Louisiana was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Town's operations include police protection, and general and administrative services. In addition, the Town operates a Utility System which provides water and sewer services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Town is the basic level of government which has financial accountability and control over all activities related to the Town's operations and services provided. The Town is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Town Mayor and Council members are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Town's reporting entity.

The financial statements of the Town of Campti, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING-

The accounts of the Town are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Town maintains two funds. They are categorized as a governmental fund and a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria.

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Town are described below:

Governmental Fund -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

Proprietary Fund-

Enterprise Fund

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Town reports the general fund as major.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts and savings accounts of the Town.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	5-12 years
Utility system and improvements	40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. RESTRICTED ASSETS-

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility bond covenant accounts and customer deposits.

H. COMPENSATED ABSENCES-

There is no formal leave policy for the Town; therefore, no entry is made to record compensated absences.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

I. EQUITY CLASSIFICATIONS-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and is displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund has an unassigned fund balance of \$43,904. The Town establishes, modifies/ rescinds fund balance assignments by passage of a resolution. The Town would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

K. EXPENDITURES/EXPENSES-

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

L. BUDGET AND BUDGETARY ACCOUNTING

Prior to the beginning of each fiscal year, the Town adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year.

M. LONG-TERM OBLIGATIONS-

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize debt issued reported as other financing sources. Repayment of the principal and interest is shown as an expenditure.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

N. ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

O. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS-

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the Town's current financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011.

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Town does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the Town’s financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 properly classifies and recognizes certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 although the Town elected to early implement statement 65 in calendar year 2012. The adoption of GASB 65 does not have any impact on the Town’s financial statements.

2. Ad Valorem Taxes:

The Town levies taxes on real and business personal property located within the boundaries of the Town. Property taxes are levied by the Town on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Town bills and collects property taxes. The Town recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1
Levy date	August 31
Tax bills mailed	October 15
Total taxes are due	December 29
Penalties and interest added	February 41
Lien date	February 41
Tax sale	May 15

For the year ended June 30, 2013, taxes of 4.69 mills were levied.

Total taxes collected were \$13,458 for 2013, and no provision for uncollectibles is made.

3. Cash and Cash Equivalents:

Cash, cash equivalents, and time deposits are held separately by each of the Town’s funds. At June 30, 2013, cash and cash equivalents totaled \$209,405 (book balances). Bank account balances at June 30, 2013, totaled \$218,350. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the Town. The deposits at June 30, 2013, were fully secured by FDIC insurance.

4. Restricted Assets - Proprietary Fund Type:

Restricted assets of the Utility Fund were applicable to the following at June 30, 2013:

Bond Sinking Fund	\$ 1,968
Bond Contingency Account	15,167
Customer Deposits Account	33,302
Bond Reserve Account	<u>10,957</u>
Cash	<u>\$61,394</u>

5. Capital Assets:

Capital assets and depreciation activity for the year ended June 30, 2013, are as follows:

Governmental Activities	Balance <u>07-01-12</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06-30-13</u>
Capital Assets, Not Depreciated				
Land	\$ 43,750	\$ 0	\$ 0	\$ 43,750
Capital Assets, Depreciated				
Buildings & Improvements	80,058	0	0	80,058
Furniture, Fixtures & Equipment	55,452	0	0	55,452
Vehicles	<u>74,798</u>	<u>0</u>	<u>(44,499)</u>	<u>30,299</u>
Total Assets	\$ <u>254,058</u>	\$ <u>0</u>	\$(44,499)	\$ <u>209,559</u>
Accumulated Depreciation:				
Building & Improvements	\$ 41,762	\$ 2,778	\$ 0	\$ 44,540
Furniture, Fixtures & Equipment	42,347	5,455	0	47,802
Vehicles	<u>71,718</u>	<u>1,540</u>	<u>(44,499)</u>	<u>28,759</u>
Total Accumulated Depreciation	\$ <u>155,827</u>	\$ <u>9,773</u>	\$(44,499)	\$ <u>121,101</u>
Net Capital Assets	\$ <u>98,231</u>	\$ <u>(9,773)</u>	\$ <u>0</u>	\$ <u>88,458</u>

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

Business-Type Activities	Balance 07-01-12	Additions	Deletions	Balance 06-30-13
Capital Assets, Not Depreciated				
Land	\$ 2,690	\$ 0	\$ 0	\$ 2,690
Capital Assets, Depreciated				
Buildings	32,814	0	0	32,814
Water/Sewer System '08	3,215,054	0	0	3,215,054
Water/Sewer System '09	89,914	0	0	89,914
Machinery & Equipment	<u>103,176</u>	<u>0</u>	<u>0</u>	<u>103,176</u>
Total Assets	<u>\$3,443,648</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$3,443,648</u>
Accumulated Depreciation:				
Buildings	\$ 32,814	\$ 0	\$ 0	\$ 32,814
Water/Sewer System '08	1,597,589	80,377	0	1,677,966
Water/Sewer System '09	8,994	2,248	0	11,242
Machinery & Equipment	<u>103,176</u>	<u>0</u>	<u>0</u>	<u>103,176</u>
Total Accumulated Depreciation	<u>\$1,742,573</u>	<u>\$ 82,625</u>	<u>\$ 0</u>	<u>\$1,825,198</u>
Net Capital Assets	<u>\$1,701,075</u>	<u>\$(82,625)</u>	<u>\$ 0</u>	<u>\$1,618,450</u>

Depreciation expense of \$9,773 was charged to the following governmental functions:

General Government	\$9,543
Police	\$ 230

Depreciation expense of \$82,625 was charged to the Water/Sewer Fund.

6. Long-Term Debt:

The following is a summary of long-term debt of the Town of Campti, Louisiana, for the year ended June 30, 2013:

	Business-Type Activities Bond Payable
Balance at June 30, 2012	\$371,153
Debt Issued	0
Debt Retired	<u>(7,742)</u>
Balance at June 30, 2013	<u>\$363,411</u>

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

Business-Type Activities

As of June 30, 2013, the long-term debt from proprietary fund resources consisted of the following:

<u>Revenue Bonds</u> -\$448,000 Water Revenue Bonds, dated September 16, 1997, due in monthly installments of \$2,141, interest 4.673%, secured by revenues earned by the Town from the operation of the water system.	\$363,411
Less, Current Maturities	<u>(8,128)</u>
Long-Term Debt, Net of Current Maturities	<u>\$355,283</u>

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2013, are as follows:

Year Ending June 30	Business-Type Activities Bond	
	Principal	Interest
2014	\$ 8,128	\$ 17,568
2015	8,534	17,163
2016	8,961	16,736
2017	9,408	16,289
2018	9,878	15,819
2019-2023	57,306	71,179
2024-2028	73,119	55,366
2029-2033	93,297	35,188
2034-2038	<u>94,780</u>	<u>9,937</u>
Totals	<u>\$363,411</u>	<u>\$255,245</u>

7. Pension Plan:

The Town's employees became members of the Municipal Employees Retirement System of Louisiana after June 30, 1996. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information for the retirement systems follows:

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

Municipal Employees Retirement System of Louisiana (System)-

Plan Description-The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials meeting the requirements of the system are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or 30 years of creditable service, regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average salary for each year of creditable service.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy-Under Plan B, members are required by state statute to contribute 5.00 percent of their annual covered salary and the Town of Campti is required to contribute at an actuarially determined rate. The current rate is 8.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Campti are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Campti's contributions to the System under Plan B for the year ending June 30, 2013 were \$4,818, equal to the required contributions for the year. Contributions for the year ended June 30, 2012 were \$6,594 and \$4,385 for 2011.

8. Litigation:

At July 30, 2013, the Town was not involved in any civil suit.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

9. Flow of Funds, Restriction on Use-Water Revenue:

Under the terms of the bond indenture relating to Water Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special accounts:

<u>Period (Day/Month/Year)</u>	<u>Sinking Fund</u>	<u>Reserve Fund</u>	<u>Contingency Fund</u>
9/20/97 - 8/20/98	\$1,820	Commencing with the month following completion of and acceptance of the waterworks improvements financed with the proceeds of the Bonds, a sum of \$91 must be deposited monthly into this fund.	Commencing with the month following completion of and acceptance of the waterworks improvements financed with the proceeds of the Bonds, a sum of \$123 per month must be deposited into this fund.
9/20/98 - 8/20/37	\$2,141	A sum of \$108 per month must be deposited into this fund until \$25,697 has been accumulated therein.	Payments continue as described above.

10. Compensation Paid to the Mayor and Council Members:

Oneary Bobb - Mayor	\$2,400
Edwin Kirkendall	580
Clifton Jones	480
Triventis Johnson	240
Bence Nicholas	520
Mary Collins	<u>580</u>
Total	<u>\$4,800</u>

11. Receivables:

The following is a summary of receivables at June 30, 2013:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Tax, Licenses and Permits-		
Long-term Receivable	\$ 1,530	\$ 0
Sales Tax	12,461	12,398
Other Receivables	<u>0</u>	<u>24,590</u>
Total	<u>\$13,991</u>	<u>\$36,988</u>

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2013

12. Subsequent Events:

Management has evaluated events through November 21, 2013, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Town of Campti, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

	Original/Final <u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
REVENUES:			
Taxes-			
Ad Valorem	\$ 15,000	\$ 13,458	\$ (1,542)
Sales Tax	45,000	84,181	39,181
Licenses & Permits	49,650	82,955	33,305
Intergovernmental-			
Beer Tax	6,000	1,862	(4,138)
Charges for Services-			
Fines & Forfeits	20,000	26,079	6,079
Rent	3,000	2,210	(790)
Interest & Miscellaneous	<u>68,650</u>	<u>8,527</u>	<u>(60,123)</u>
Total Revenues	<u>\$207,300</u>	<u>\$219,272</u>	<u>\$ 11,972</u>
EXPENDITURES:			
General Government	\$168,583	\$234,026	\$(65,443)
Public Safety	<u>40,717</u>	<u>30,012</u>	<u>10,705</u>
Total Expenditures	<u>\$209,300</u>	<u>\$264,038</u>	<u>\$(54,738)</u>
Deficiency of Revenues over Expenditures	\$ (2,000)	\$ (44,766)	\$(42,766)
OTHER FINANCING SOURCES:			
Transfers In	<u>0</u>	<u>32,500</u>	<u>32,500</u>
(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (2,000)	\$ (12,266)	\$(10,266)
Fund Balance-Beginning of Year	<u>56,170</u>	<u>56,170</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 54,170</u>	<u>\$ 43,904</u>	<u>\$(10,266)</u>

See notes to financial statement.

OTHER REPORTS

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

Jessica H. Broadway, CPA - A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Oneary Bobb, Mayor
and the Town Council
P. O. Box 216
Campti, Louisiana 71411

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, business-type activities, and major fund as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Campti's basic financial statements and have issued our report thereon dated November 21, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of audit findings that we consider to be a significant deficiency as item 13-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 13-02.

Town of Campti's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of audit findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

November 21, 2013
Natchitoches, Louisiana

Town of Campti, Louisiana
Schedule of Audit Findings
Year Ended June 30, 2013

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the basic financial statements of the Town of Campti as of and for the year ended June 30, 2013.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not determined to be a material weakness.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following findings relate to the financial statements and are required to be reported in accordance with *Government Auditing Standards*:

Internal Control-

13-01 Segregation of Duties

Criteria – Proper internal controls dictate that duties be segregated so that no one individual performs or controls all duties related to the accounting system.

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements and the related note disclosures.

Effect - Intentional or unintentional errors could be made and not detected within the accounting system.

Cause - Due to lack of funds, the Town's office does not have a sufficient number of employees to adequately separate accounting duties or to prepare the Town's annual financial statements with related note disclosures.

Recommendation – To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Town of Campti, Louisiana
Schedule of Audit Findings (continued)
Year Ended June 30, 2013

Management's Response - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the Town to have our independent auditors prepare our financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Compliance-

13-02 Local Government Budget Act

Criteria – Louisiana Revised Statute 39:1311 states that total actual expenditures and other uses should not exceed total budgeted expenditures and other uses by more than 5%.

Condition - For the year ended June 30, 2013, in the General Fund, actual expenditures exceeded budgeted expenditures by more than the 5% variance allowed and the budget was not amended.

Effect - The budget cannot be used as an effective management tool to control expenditures.

Cause - Oversight of management to ensure the budget was amended prior to the year end.

Recommendation - The Town should institute procedures to ensure the budget is amended whenever actual expenditures are more than budgeted expenditures by more than the 5% allowed.

Management's Response - The Town will institute procedures to ensure the budget is amended when required.

Town of Campti, Louisiana
Schedule of Prior Year Audit Findings
Year Ended June 30, 2013

Internal Control-

12-01 Segregation of Duties

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements and the related note disclosures.

Status - Repeat finding, see finding 13-01.

Compliance-

12-02 Local Government Budget Act

Condition - Actual expenditures exceeded budgeted expenditures by more than the 5% variance allowed and the budget was not amended.

Status - Repeat finding, see finding 13-02.